



# Defense Acquisition Transformation

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## Capability Partners in the Global War on Terror

**May 17, 2007**

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## IDENTIFY THE PROBLEMS

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- ***Acquisition Processes have Significant Shortcomings Leading to Loss of Confidence by Congress and Defense Community.***
  - Increased cost over-runs
  - Failure to establish acquisition priorities and trade-offs
  - Undefined operational requirements and performance characteristics
  - Accepting compromised performance
  - Untested and undetermined technology risks
  - Poorly defined requirements
  - Complex and inefficient organizational management structure
  - Lack of stabilized tours of duty for project managers
  - Lack of centralized responsibility and empowered authorities
  - Major delays in product delivery
  - Inadequate attention to the conceptual phase in weapons acquisition



## PROPOSE SOLUTIONS

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***Solutions are easy to identify but implementation is not easy because it involves changes in traditional concepts and management practices that are firmly implanted in DoD.***

**Proposed solutions for implementation by the Secretary of Defense:**

- **Make every effort to develop and perfect the DoD-wide method to determine what needs to be procured and that the mission priority is relative to other systems development.**
- **Require that cost-effectiveness studies meet certain standards and update these studies at each point where a major program alternative is considered.**
- **Place greater decision-making authority for each major acquisition in a single organization, within the service concerned, with more direct control over the operations and sufficient status to overcome organizational conflict.**
- **Ensure that each selected acquisition report contains a summary statement regarding the weapon's mission, relationship to other complementary weapons systems, and current status of the program.**

**Excerpts from General Accounting Office, March 18, 1971 Report to Congress regarding "Acquisition of Major Weapons Systems" (B-163058)**



## KNOWLEDGE BUILDING

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- **Post 9/11 - Functional not Technical Threats**
- **Immediate Warfighter Needs**
- **Terrorism**
- **Asymmetric Threats**
- **Global Markets**
- **Quadrennial Defense Review**
- **Institutional Reform and Governance**
- **Strategic Goals and Initiatives**
- **Transformation**
- **Diminishing Resources**
- **Workforce Challenges**
- **Consolidation of Industrial Base**
- **Contracting based on “Conspiracy of Hope”**
- **Acquisition Slow and Complex**
- **Immature Technologies...**



## STRENGTHENING THE CONNECTIONS

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- **Vision**
- **Communication**
- **Collaboration**
- **Cooperation**
- **Consistency**
- **Transparency**
- **Roadmaps**
- **Partnerships**
- **Horizontal Integration**



## PAST INITIATIVES

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**Packard Commission – 1985** Came in wake of 131 separate investigations of 45 of Department's 100 top contractors. Focused on Defense management issues, systematically evaluated Department's acquisition system, organization, decision-making, and Congressional oversight.

**Defense Reorganization Act – 1986** Established the Service Acquisition Executive and consolidated acquisition decision-making in the hands of the civilian leadership. Codified many of the Packard Commission's recommendations.

**Section 800 Report – 1993** Charged to review existing legislation and recommend either repeal or amend. Focused on streamlining and simplifying acquisition laws.

**National Performance Review – 1993** Vice President Gore initiative in light of end of Cold War. Promoted using commercial standards for more acquisition programs.

**Federal Acquisition Streamlining Act – 1994** Consolidated, streamlined, and simplified hundreds of laws into unified procurement code.

**SECDEF Perry Memo – 1994** Addressed shrinking industrial base. Commercial technologies are outpacing DoD sponsored efforts.

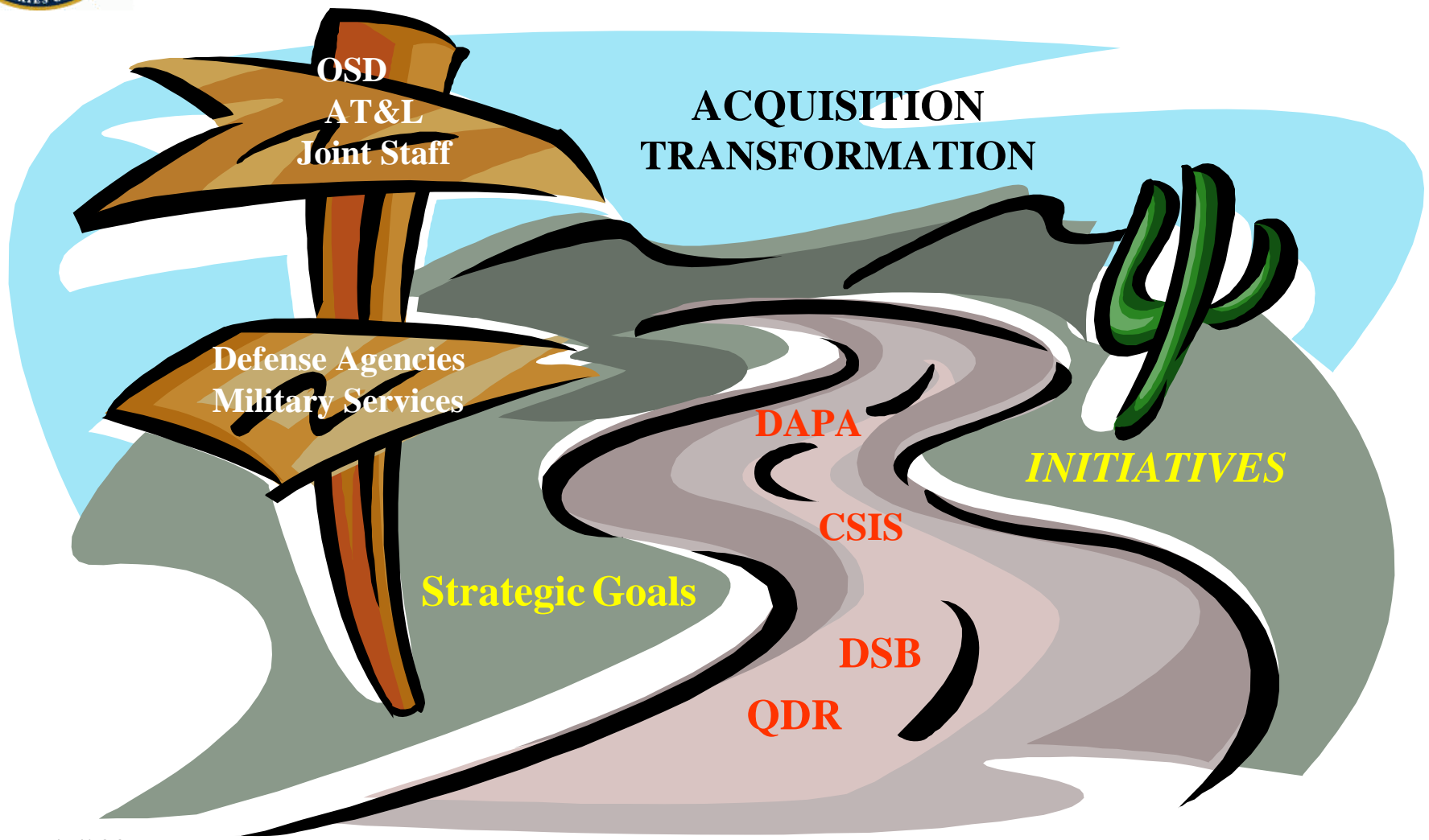
**Defense Reform Initiative – 1997** Consolidation of industry and erosion of core capabilities addressed. Need to recover interest in DoD requirements by commercial sector.

**The Road Ahead – 1999** Addressed the slowness of logistics to meet sustainment needs. Requirement to integrate civil-military industrial base.

**Rumsfeld's Challenge – 2001** Bureaucratic inertia stopping crucial initiatives, excess infrastructure, PPBS outdated. Technology moving faster than DoD is able to deploy.



# ROAD AHEAD







# DEFENSE ACQUISITION TRANSFORMATION REPORT

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**Section 804 of the National Defense Authorization Act, Fiscal Year 2007 requires biannual reports to Congress regarding implementation of recommendations to transform the Acquisition System.**

- **Defense Acquisition Performance Assessment Project, January 2006;**
- **Defense Science Board summer Study on Transformation: “A Progress Assessment,” February 2006;**
- **The Center for Strategic and International Studies, “Beyond Goldwater Nichols: U.S. Government and Defense Reform for a New Strategic Era” July 2005; and**
- **Quadrennial Defense Review (February 2006).**



# TRANSFORMING ACQUISITION

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***“A sense of urgency has been established to streamline and simplify the Acquisition System, with aggressive initiatives, to provide lasting solutions for predictable performance. DoD is tracking the milestones to ensure that the desired outcomes in this transformation are achieved.”***

Defense Acquisition Transformation Report to Congress (Sec. 804)

February 2007 ~ Ken Krieg

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***“The creation of the deputy DNI for acquisition is intended to “shorten development timelines and produce more reliable systems,” and “achieve acquisition policies and processes, and enhance the professionalism of the acquisition work force.” He also said he wants, “to see more stable (for intel programs) and more responsible managing of requirements” – if we can do that, we can get the community back on track.”***

**“INTELLIGENCE CHIEF REVAMPS STAFF TO IMPROVE ACQUISITION”**

Federal Times – April 15, 2007



## Current Initiatives ~ Workforce

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- Implement National Security Personnel System
- Implement Personnel & Readiness Civilian Human Capital Strategic Plan 2006-2010
- Modernize structured learning through the Advanced Distributed Learning Initiative
- Appoint a Director of Human Capital Initiatives to oversee implementation of Strategic Goals Implementation Plan
- Incorporate ethics into every level of acquisition workforce training
- Utilize Defense Acquisition University and the Industrial College of the Armed Forces to provide career development and performance support to the acquisition community



## Current Initiatives ~ Acquisition

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- Tri-Chair Concept Decision Reviews
- Time Defined Acquisition
- Evaluation of Alternatives
- Synchronization of Existing Processes
- Investment Balance Reviews
- Small Business Innovative Research
- Acquisition of Services Policy
- Systems Engineering Excellence
- Award Fee and Incentives Policy
- Enterprise Risk Assessment Model Initiatives
- Open, Transparent and Common Shared Data Resources  
with Defense Acquisition Management Information Retrieval
- Contingency Contracting Initiatives
- Continuous Process Improvement
- Risk Based Source Selection
- Restructure the Defense Acquisition Executive Summary Reviews



## Current Initiatives ~ Requirements

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- Joint Requirements Oversight Council
- Engage the Combatant Command to comment on future capabilities
- Develop a training course specifically focused on the requirements process
- Performance-Driven Outcomes
- Develop weapons system readiness and sustainment modeling capabilities
- Develop mechanisms for rapid acquisition to meet urgent warfighter needs (includes Joint Rapid Acquisition Cell)
- Capability Portfolio Management (renamed PfM to CPfM and combined with Capabilities based decisions)



## Current Initiatives ~ Budget

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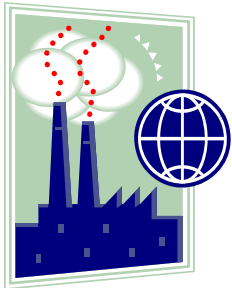
- Planning, Programming, Budgeting, and Execution through a realistic process
- Program Assessment Rating Tool
- Develop authoritative information sources to provide more accurate cost data
- Wide Area Workflow system expansion
- Establish a new online training course for Program Managers and staff leaders regarding effective meetings to support oversight and the review process
- Institute Capital Accounts
- Optimize the Defense Acquisition Board
- Optimize/Eliminate Integrated Product Team process



## Current Initiatives ~ Industry

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- Establish baseline criteria for the industrial base
- Reduce certain barriers to entry for non-traditional defense companies
- Improve access to commercial technology
- Better understand and address barriers to entry by reaching out to industry
- Identify strengths and weaknesses in the Small Business Program
- Evaluate contractor vertical integration policies
- Promote innovation and competition by directly funding innovation in science and technology accounts



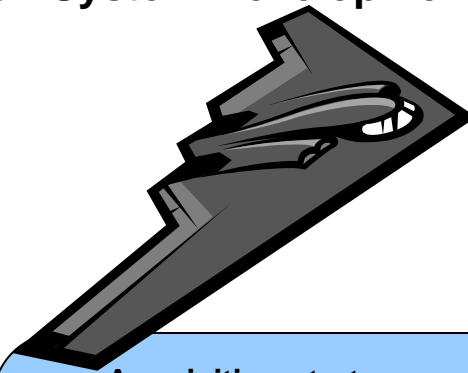
# PARTNERING WITH INDUSTRY

## Major Weapon System Development Program Realism

**Aggressively compete the subcontractors, reach out to small business, and continuously manage to excellence.**



**Establish streamlined program initiation, procurement, and milestone review processes to substantially reduce time to market.**

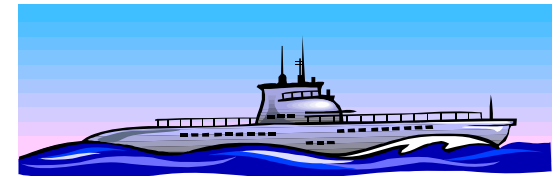


**Acquisition strategy development and program source selection must align programs and industry on top level strategic issues and focus competitive source selection on risk and management performance instead of cost.**

**Defense Contractors must be accountable to impose discipline and instill Integrity in the contracting process.**



**Achieve centralized acquisition policy, strategy, and process that is agile, transparent, and predictable.**



**Institute realistic funding, Requirements, and procedures to achieve predictable performance and schedules in partnership with industry.**





## Current Initiatives ~ Organization

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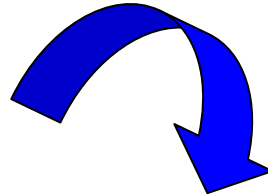
- Acquisition Total Life Cycle Management Culture
- Use the Institutional Reform and Governance Roadmap
- Utilize Tiered Accountability
- Utilize the Enterprise Transition Plan
- Follow the Strategic Communication Execution Roadmap
- Follow Commercial Best Practices
- Organizational Performance Assessments



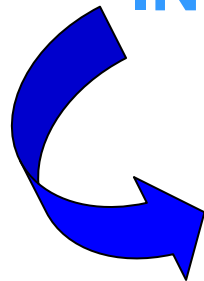
## STRENGTHEN the MISSION

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INITIATE

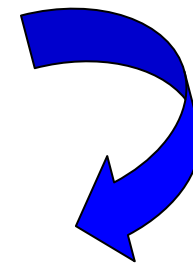


INNOVATE



INCENTIVIZE

***INSTITUTE***



**BOTTOM LINE:** Effective change will only result from a Defense-Wide cooperative effort between government, industry, and Congress.



## Bottom Line - THINK NEW

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- Acquisition Life-Cycle – identify and protect from “concept” to “fielding and sustainment.”
- Identify the gaps and improve communication.
- Bridge the stove-pipes and create horizontal integration.
- Make the process more consistent and transparent to achieve community cooperation.
- **Transformation** is an outlook, an attitude, a new way of thinking and performing.

It is a continuous process.

# **DEFENSE ACQUISITION** **TRANSFORMATION REPORT**

**Section 804 NDAA FY '07**

**<http://www.acq.osd.mil/documents/804Reportfeb2007.pdf>**

**(703) 693-0011**